

SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement) is made and is effective this 15th day of May 2006 (Effective Date), by and between San Luis Trust Bank, FSB, OTS Docket No. 15051, 1001 Marsh Street, San Luis Obispo, California (the Institution), a federally chartered savings association, and the Office of Thrift Supervision (OTS), an office within the United States Department of the Treasury, acting through its West Regional Director (Regional Director) or his designee.

WHEREAS, the OTS is the primary federal regulator of the Institution;

WHEREAS, based upon the Institution's 2006 examination (2006 Examination), the OTS is of the opinion that the Institution has engaged in acts and practices that: (i) have resulted in violations of certain of the laws or regulations to which the Institution is subject; and/or (ii) are considered to be unsafe and unsound;

WHEREAS, the OTS believes that grounds exist to initiate an administrative proceeding against the Institution;

WHEREAS, the OTS believes that it is appropriate to take measures to ensure that the Institution will: (i) comply with all applicable laws and regulations; and (ii) engage in safe and sound practices; and

WHEREAS, the Institution, acting through its Board of Directors (Board), without admitting or denying that such grounds exist except those as to jurisdiction, which are admitted, wishes to cooperate with the OTS and to evidence the intent to: (i) comply with all applicable laws and regulations; and (ii) engage in safe and sound practices.

NOW THEREFORE, in consideration of the above premises and the mutual undertakings set forth herein, the parties hereto agree as follows:

I. COMPLIANCE WITH LAWS AND REGULATIONS

- A. The Institution, its directors, officers, employees, agents, and subordinate organizations shall take all necessary and appropriate actions to comply with the following laws and regulations:
 - 1. 12 C.F.R. § 560.101 (requiring savings associations to adopt and comply with prudent written lending policies);
 - 2. 12 C.F.R. Part 564 (concerning appraisal standards and policies, including but not limited to Section 564.8 requiring savings associations to adopt and comply with appraisal policies), and OTS Thrift Bulletin 55a (Interagency Appraisal and Evaluation Guidelines);
 - 3. 12 C.F.R. § 560.160 (requiring savings associations to properly classify assets);

4. 12 C.F.R. § 563.161 (requiring savings associations to maintain safe and sound management, including board of director oversight);
5. 12 C.F.R. § 563.170 (requiring savings associations to establish and maintain certain records relating to lending transactions);
6. 12 C.F.R. § 563.170(c) (requiring savings associations to establish and maintain certain accounting and other records as will provide an accurate and complete record of all business transacted);
7. 12 C.F.R. Part 570, Appendix A (the "Part 570 Safety and Soundness Standards" regarding minimum operational and managerial standards).
8. 12 C.F.R. § 563.43, incorporating the rules in Regulation O, 12 C.F.R. Part 215 (concerning loans to insiders).
9. 12 C.F.R. § 563.200 (concerning conflicts of interest and the fiduciary duty of loyalty);
10. 12 C.F.R. § 560.93 and 12 U.S.C. § 1464(u) (requiring savings associations to limit loans to one borrower to fifteen percent of unimpaired capital and surplus).

II. ENHANCEMENT OF MANAGEMENT/STAFF AND DIRECTORATE

A. New Directors

1. The Institution shall immediately take all appropriate actions to appoint a minimum of two new directors, acceptable to the OTS and to its Board. To be eligible for these positions, the candidates must have a demonstrated successful record of serving in appropriate and related positions in the financial industry; and possess appropriate background, experience, and skill relative to the positions to be filled. The candidates should be independent of management,¹ and otherwise have no business or other relationship (direct or indirect) with management.
2. To the extent necessary, the Institution shall submit to OTS a Notice of amendment of bylaws, articles of incorporation, or charter as appropriate to add two new board members.
3. By the last business day of each month until the Institution has hired qualified individuals to fill each of the management positions and Board seats, the Institution's Board shall submit to the AD a written status report detailing the Institution's efforts and progress in complying with this section of the Agreement.

¹ "Independent of Management" means that the person: (i) is not an officer, employee, or consultant of the Institution or its affiliates; (ii) is not, either by blood or marriage, related to any existing officer of the Institution or its affiliates; (iii) does not currently have a business or professional relationship with any existing Institution director, officer, or their attorneys or consultants; and (iv) to the extent not inconsistent with the foregoing, meets the criteria set forth at 12 C.F.R. Part 363 and Appendix A thereof.

B. Internal Auditor and Chief Credit Officer

1. The Institution shall immediately take all appropriate actions to hire two qualified individuals for the positions of Internal Auditor and Chief Credit Officer. To be eligible to be hired as for these positions, the candidates must have a demonstrated successful record of serving in appropriate and related positions in the financial industry; and possess appropriate background, experience, and skill relative to the positions to be filled.
 - (a) Once a Chief Credit Officer is hired, all of the Institution's lending activities shall be subject to the oversight and supervision of the Institution's Chief Credit Officer. This individual shall be authorized and directed by the Board to oversee the Institution's lending activities and to ensure that such activities are conducted in a safe and sound manner and in accordance with duly adopted written policies and procedures and applicable laws and regulations.
 - (b) Once an Internal Auditor is hired, the Institution's Audit Program shall be subject to the oversight and supervision of the Institution's Internal Auditor. This individual shall be authorized and directed by the Board to oversee the Institution's Audit Program and to ensure that such activities are conducted in a safe and sound manner and in accordance with duly adopted written policies and procedures and applicable laws and regulations.

C. Management Plan

1. Within forty-five (45) days after the Effective Date of this Agreement, the Board shall approve and submit to the AD for review and non-objection a written analysis and assessment of the Institution's management needs (Management Plan). The Management Plan shall, at a minimum:
 - (a) identify both the type and number of officer positions needed to manage and supervise properly the affairs of the Institution;
 - (b) include a management succession plan;
 - (c) identify and establish the Board committees needed to guide and oversee management; and
 - (d) establish a plan to recruit and hire any additional or replacement personnel with the requisite ability, experience, or other qualifications, which the Board determines are necessary to fill officer or staff positions consistent with the Board's analysis, evaluation, and assessment as provided above.
2. The Board shall ensure staffing levels and personnel needed to properly carry out and execute the policies and procedures and processes required by this Agreement. Particular attention should be provided to the lending and IAR function.

D. Prior Notice

The Institution's actions related to the hiring of any persons deemed to be a "senior executive officer" and the addition of new directors shall be consistent with the requirements of 12 C.F.R. § 563.555.

III. POLICIES AND PROCEDURES

A. Loan Underwriting and Administration

1. Within forty-five (45) days after the Effective Date of this Agreement, the Board shall approve and submit to the OTS Assistant Director (AD) for review and non-objection new loan policies and procedures (Loan Policy) designed to:
 - (a) strengthen the Institution's loan underwriting and credit administration policies, practices and procedures;
 - (b) ensure the Institution's compliance with applicable law, regulation, and agency guidance, including the requirements set forth in 12 C.F.R. § 560.101.
2. At a minimum, the Loan Policy shall:
 - (a) adequately address the types of loans the Institution will make in the ordinary course of its business and consider its business plan, operating strategies and the terms and conditions under which each type of loan will be made;
 - (b) consider the nature, needs and demographics of the markets in which each type of loan will be made;
 - (c) require, prior to any form of credit commitment, a thorough analysis and documentation of the borrower's overall financial condition and resources (including repayment sources), the financial responsibility of any guarantor, the nature and value of any underlying collateral, and the borrower's character and willingness to repay as agreed;
 - (d) contain a Loan Pricing Policy, as prepared by Management and adopted by the Board, that establishes rates and terms based upon loan type, compensating deposit balances and other Institution services involving the borrower, nature and value of any collateral, the need to maintain an adequate spread, market rates, and the duration of the loan;
 - (e) require compliance with the asset and investment limitations set forth in 12 U.S.C. § 1464(c) of the Home Owners Loan Act (HOLA), 12 U.S.C. § 1461 *et seq.*, and the diversification limits adopted pursuant to subparagraph (h) below;

- (f) establish a system of ongoing credit monitoring and review, by a qualified and experienced individual, to include obtaining updated financial information, current collateral information, and other documentation as necessary, with appropriate communication to Management and to the Board;
 - (g) establish a quality control review program;
 - (h) consider the risks associated with concentrations of credit and provide for diversification limits, within each HOLA investment limit, that are consistent with the guidance provided in Section 211 of the OTS Examination Handbook (Examination Handbook) for each loan type, including unsecured loans and unsecured commercial loans, by borrower, by loan type, by collateral, by project and by metropolitan area;
 - (i) establish and require compliance with appropriate loan documentation requirements consistent with 12 C.F.R. § 563.170 and the Institution's policies and procedures;
 - (j) establish and require reasonable and appropriate onsite property inspection requirements and compliance with the appraisal requirements set forth in 12 C.F.R. Part 564; and
 - (k) be appropriate and reasonable in light of the Institution's lines of business, complexity, size, expertise, and the nature and scope of its activities.
3. The Board shall require Management to prepare and submit to the Board for review a quarterly report identifying all real estate secured loans granted by the Institution as exceptions to the Institution's established lending policies and guidelines, as established in the Loan Policy required herein. The Board's review of loans granted as exceptions to the Loan Policy shall be fully documented in the appropriate Board meeting minutes.
 4. The Board shall ensure that the Institution has processes, personnel, and control systems to ensure proper implementation of and adherence to the Loan Policy.

B. Appraisals

1. Within forty-five (45) days after the Effective Date of this Agreement, the Board shall approve and submit to the AD for review and non-objection new appraisal policies and procedures (Appraisal Policy) for each type of loan made or purchased by the Institution. At a minimum, the Board shall ensure that the Appraisal Policy complies with:
 - (a) OTS's appraisal regulation (12 C.F.R. Part 564);
 - (b) Thrift Bulletin 55a (Interagency Appraisal and Evaluation Guidelines);
 - (c) CEO Memo #184 (Independent Appraisal and Evaluation Functions);

- (d) CEO Memo #213 (Frequently Asked Questions on the Agencies' Appraisal Regulations and Related Guidance);
 - (e) CEO Memo #222 (Credit Risk Management Guidance for Home Equity Lending); and
 - (f) CEO Memo #225 (Frequently Asked Questions Residential Tract Development Lending).²
2. Likewise, the Board shall ensure that the Appraisal Policy includes:
- (a) procedures to ensure appraiser qualification requirements for different types of property;
 - (b) procedures to ensure the timely appraisal of real property that represents the primary collateral behind any extension of credit; and
 - (c) procedures to ensure new appraisals are obtained when: (i) there has been material deterioration in market conditions or physical aspects of the property which would threaten the Institution's collateral protection; or (ii) there has been deterioration in the borrower's financial condition and/or credit standing.
3. The Board shall ensure that the Institution has processes, personnel, and control systems to ensure proper implementation of and adherence to the Appraisal Policy.

C. Internal Asset Review

1. Within forty-five (45) days after the Effective Date of this Agreement, the Board shall approve and submit to the AD for review and non-objection new policies and procedures governing Internal Asset Review (IAR Policy). At a minimum, the Board shall ensure that the IAR Policy complies with or conforms to:
- (a) the standards set forth in Section II.G of Appendix A to the Safety and Soundness Standards at 12 C.F.R. Part 570;
 - (b) 12 C.F.R. § 560.16;
 - (c) Examination Handbook Sections 260 and 201 (Portfolio Risk Management: Internal Loan Review, Management Information Systems, and Internal Controls);
 - (d) Appendix A to Examination Handbook Section 2610 (Interagency Policy Statement on the Allowance for Loan and Lease Losses (ALLL) dated December 21, 1993); and

² All CEO Memorandum as well as other guidance contained in Regulatory and Thrift Bulletins may be found on the OTS's website at <http://www.ots.treas.gov>.

- (e) OTS CEO Memo # 140 (Effective Internal Asset Review Systems) dated May 17, 2001 and the Interagency Policy Statement attached thereto.
2. Likewise, the Board shall ensure that the IAR Policy provides for:
- (a) accurate loan classification ratings;
 - (b) qualified and independent loan review personnel;
 - (c) frequent reviews;
 - (d) acceptable methods of loan selection;
 - (e) adequate scope and depth of the review, including but not limited to determining compliance with lending policies, underwriting standards, and loan servicing procedures as part of the normal review;
 - (f) appropriate work paper and report distribution; and
 - (g) adequate follow-up.
3. The Board shall ensure that the Institution has processes, personnel, and control systems to ensure proper implementation of and adherence to the IAR Policy.

D. Insider Transactions

- 1. Within forty-five (45) days after the Effective Date of this Agreement, the Board shall approve and submit to the AD for review and non-objection new policies and procedures governing transactions with Directors, officers, principal shareholders and their related interests (Insider Transaction Policy).
- 2. The Insider Transaction Policy must include provisions requiring that Management take all reasonable precautions to ensure that no loans are made to any individual or entity whose intent is to transfer the funds, directly or indirectly, to any officer, director, or principal shareholder of the Institution or its affiliates.
- 3. The Insider Transaction Policy must include, at a minimum, provisions:
 - (a) detailing how the Institution will comply with 12 C.F.R. § 563.200, regarding conflicts of interest;
 - (b) 12 C.F.R. Part 215 (Regulation O); and
 - (c) requiring that the Board oversee compliance with 12 C.F.R. Part 215.

4. The Insider Transaction Policy must incorporate a comprehensive Code of Ethics (Code) that (a) shall govern the conduct of the Institution's directors, officers, and employees (collectively Insiders) and (b) complies with the recommendations for ethics policies set forth in the OTS's Directors' Guide to Management Reports.
5. At a minimum, the Code shall set forth a broad statement of corporate policy on conflicts of interest and shall:
 - (a) define what is meant by a conflict of interest, an apparent conflict of interest, and a potential conflict of interest (collectively referred to as Conflicts);
 - (b) mandate timely, comprehensive, and accurate disclosure of Conflicts to the Board;
 - (c) prescribe a formal system for the identification, disclosure, and resolution of Conflicts and the written documentation thereof;
 - (d) address participation by an Insider in any manner in any transaction or loan in which the individual, his or her spouse, child, or any related interest has a financial or other interest;
 - (e) set forth specific policies and procedures for reporting loans and other financial transactions of Insiders;
 - (f) mandate the identification of material outside economic interests of all officers and directors at least annually;
 - (g) state that each Insider must manage their outside activities without compromising the individual or the Institution; and
 - (h) set forth explicit restrictions and guidelines.
6. The Code shall establish and clearly describe methods for ensuring compliance and policies and procedures for enforcing the Code. The Code shall require an annual statement from all officers and directors of the Institution certifying their respective compliance with the Code and containing all disclosures required by the Code. A non-management member of the Institution's Board shall be responsible for maintaining all records, including the annual statements, regarding the matters governed by the policy.
7. The Board shall ensure that the Institution has processes, personnel, and control systems to ensure proper implementation of and adherence to the Insider Transaction Policy.

E. Interest Rate Risk and Investment Activities

1. Within forty-five (45) days of the Effective Date, the Board shall approve and submit to the AD for review and non-objection revised policies and procedures governing Interest Rate Risk and Investment Activities (Investment Policy); and

2. The Board shall ensure that the Institution has processes, personnel, and control systems to ensure proper implementation of and adherence to the Investment Policy.

IV. INDEPENDENT REVIEW OF INTERNAL CONTROLS

- A. Within forty-five (45) days after the Effective Date of this Agreement, the Board shall engage a qualified, independent third party (Consultant) to conduct an independent review and analysis of the Institution's internal controls. The engagement of the independent third party shall be subject to the prior non-objection of the OTS. Within forty-five (45) days of its engagement, the Consultant shall prepare a written report for the Board, with a copy to the AD, containing its findings, conclusions and recommendations. Upon non-objection by the AD, the Board shall adopt and cause management to implement appropriate corrective action to address and resolve each negative finding.
- B. Within thirty (30) days after adoption of the Consultant's report required by paragraph A above, the Board shall approve and submit to the AD for review and non-objection new policies and procedures or modify and amend existing policies and procedures governing internal controls (Internal Control Policy). At a minimum, the Internal Control Policy must:
 1. conform to section II.A. of the Part 570 Safety and Soundness Standards;
 2. be designed to cause the Institution to comply with 12 C.F.R § 563.161;
 3. consider the guidance at paragraph 10 of Appendix A to 12 C.F.R. Part 363;
 4. consider the scope and risk of the Institution's activities; and
 5. The Board shall ensure that the Institution has processes, personnel, and control systems to ensure proper implementation of and adherence to the Internal Control Policy.

V. BUSINESS PLAN REQUIRED

A. Business Plan

1. Within forty-five (45) days of the Effective Date, the Board shall approve and submit to the AD for review and non-objection, a new three-year business plan (Business Plan). The Business Plan shall, at a minimum:
 - (a) contain a thorough discussion of the Institution's current operations and lines of business, as well as all future operations and lines of business that will be pursued by the Institution during the term of the Business Plan, including any off balance sheet activities or other new activities. The Business Plan shall include a discussion of the Institution's specific current and future operating

strategies; an analysis of the earnings and profitability of all lines of business; an analysis of the related risks of all lines of business; an analysis of the Institution's resources, infrastructure, personnel, and expertise supporting the Institution's ability to engage in the identified lines of business; and clear and adequate supporting documentation for all relevant assumptions and projections. Reliance by the Institution upon non-traditional and non-recurring income (such as fee income) sources should be specifically addressed, including the profitability, stability, duration, and risks presented by such income sources.

- (b) specify how the Institution will reduce reliance upon wholesale and brokered deposits.
 - (c) discuss the Institution's current capital position and future capital needs necessary to implement and carry out the strategies and business operations contained in the Business Plan. The Business Plan shall specify and discuss the Board's plans and strategies for improving or maintaining capital sufficient to (i) meet the Institution's capital needs under the Business Plan sufficient to support the risk profile of the Institution's loan portfolio, and (ii) comply with applicable regulatory capital requirements.
 - (d) include a comprehensive narrative for each section of the Business Plan;
 - (e) include an annual budget, as approved by the board; quarterly *pro forma* financial statements (balance sheet and income statement); and the relevant assumptions upon which the Business Plan and financial statements are based.
2. The Institution will be deemed to be in violation and in breach of this Agreement if, without prior written non-objection of the OTS: (i) if it engages in any material respect in operations not contemplated by an Approved Business Plan, (ii) if the Institution's asset size materially exceeds the amounts contemplated by an Approved Business Plan, or (iii) if the Institution's regulatory capital ratios (as reported in a TFR or as otherwise determined by the Regulators) are materially below the projected levels set out in an Approved Business Plan.
3. The Business Plan shall be reviewed and approved by the Board. The Institution shall retain in the minutes of the Board a copy of the Board's review and approval of the Business Plan. The Board shall ensure that the Institution adheres to and implements the Business Plan required by paragraph 1 and shall direct Management to follow and implement the Business Plan as approved by the Board. Management shall prepare quarterly variance reports on the Institution's compliance with the Plan for the Board within thirty (30) days after the close of each quarter. Such variance reports shall detail actual operating results versus projected results and shall include an explanation of any material deviation from the Business Plan and a specific description of the measures that have been implemented, proposed or under current consideration to correct such

deviation. Within sixty (60) days of the close of each quarter, the Board shall review the variance report for that quarter to monitor the Institution's compliance with the terms of the Business Plan. The Board's review of the quarterly variance reports, including a copy of the variance report, and any actions on such variance reports taken by the Board shall be fully documented in the minutes of the meeting at which such review occurred. Within ten (10) days of each Board meeting at which the Board reviews a quarterly variance report, the Board shall submit to the AD a copy of the minutes of the Board meeting, the variance report, and any other documents relating to the variance report that are included with the minutes.

4. The Board shall submit any material change to the Business Plan to the AD thirty (30) days prior to such change becoming effective. The AD reserves the right to object to any such change within the 30-day period.

VI. CREDIT ADMINISTRATION

- A. Effective immediately, the credit administration practices of Institution shall be subject to the undertakings outlined in the Institution's April 17, 2006 and May 10, 2006 letters to the OTS.

VII. BOARD OVERSIGHT AND RECORDKEEPING

- A. Effective immediately, the Board shall ensure that Management provides timely, complete and accurate reports and other information to the Board and to each Board Committee. The Board shall ensure that accurate, complete and detailed minutes of all Board and Board Committee meetings are prepared and maintained. Such minutes shall clearly and specifically reflect all matters presented to and discussed by the Board or any Board Committee. Copies of any reports to the Board or Board Committees shall be retained with the appropriate minutes reflecting the review and discussion of such reports.

VIII. RESTRICTIONS PER OTS POLICY: GENERAL PROVISIONS

A. Board and Management Changes

1. The Institution shall be and is subject to the requirements and limitations set out in Subpart H of Part 563 of the OTS's regulations (12 C.F.R. §§ 563.550-590). Without limitation on such requirements and limitations, this means, among other things, that, except as otherwise permitted by 12 C.F.R. § 563.590, no person shall be appointed to the position of or be hired as a member of the Board or as a senior executive officer of the Institution unless: (a) the Institution (or the individual, if appropriate) previously has filed with the OTS an appropriate and complete notice pursuant to 12 C.F.R. Part 563, Subpart H; and (b) the person's commencement of service on behalf of the Institution is permissible under 12 C.F.R. 563.585 and 12 U.S.C. § 1831i.

B. Compensation and Benefit Arrangements

1. Pursuant to OTS Regulatory Bulletin 27b the Institution shall not enter into, renew, extend or revise any contractual arrangement related to compensation or benefits with any director or senior executive officer of the Institution unless the Institution first:
(a) provides a minimum of 30 days advance notice of the proposed transaction; and
(b) receives a written notice of non-objection from the Regional Director.

C. No "Golden Parachutes"

1. The restrictions at 12 C.F.R. Part 359 (concerning "golden parachute payments" and "prohibited indemnification payments") apply to the Institution and its holding company. Without limitation on the generality of the foregoing, this means that the Institution shall not make any "golden parachute payment," as that term is defined 12 U.S.C. § 1828k and in 12 C.F.R. Part 359, except as that statute and regulation permit.

IX. DIRECTOR RESPONSIBILITY

- A. Notwithstanding the requirements of this Agreement that the Board submit various matters to the OTS for the purpose of receiving non-objection, such regulatory oversight does not derogate or supplant each individual director's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of the Institution at all times, including compliance with the determinations of the Regional Director as required by this Agreement.

X. COMPLIANCE WITH AGREEMENT

A. Implementation and Adherence to Policies and Procedures

1. Within fifteen (15) days of receipt of the AD's notice of objection, if any, to any aspect of the foregoing Plan or Policies, the Institution shall submit a revised Plan or Policy to the AD addressing the AD's objections or comments;
2. Once the Plan or Policy is submitted pursuant to this Agreement and all objections from the AD, if any, have been satisfactorily resolved, the Institution may not amend, suspend, or revoke the Plan or Policy without the prior written non-objection from the AD.
3. Immediately upon receipt of the AD's non-objection to a Plan or Policy, the Board shall implement the Plan or Policy and ensure that all directors, officers, employees, and agents adhere to it.
4. The Plans and Policies, as modified consistent with the written direction of the Regional Director, shall be incorporated into this Agreement and any deviation from such Policies and Procedures shall be a violation of this Agreement.

5. The Board and Management of the Institution shall take immediate action to cause the Institution to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause the Institution to continue to carry out the provisions of this Agreement.
6. Within thirty (30) days after the end of each calendar quarter, beginning with the calendar quarter ending June 30, 2006, the Board shall adopt a board resolution (the Compliance Resolution) formally resolving that, following a diligent inquiry of relevant information (including a report from Management regarding the Institution's compliance with each numbered paragraph of this Agreement), to the best of its knowledge and belief, during the immediately preceding calendar quarter, the Institution has complied with each provision of this Agreement currently in effect, except as otherwise stated. The Compliance Resolution shall:
 - (a) specify in detail how, if at all, full compliance was found not to exist; and
 - (b) identify all notices of exemption or non-objection issued by the OTS that were outstanding as of the date of its adoption.
7. The minutes of each meeting of the Board shall set forth the following information with respect to the adoption of each Compliance Resolution:
 - (a) the identity of each Director voting in favor of its adoption; and
 - (b) the identity of each Director voting in opposition to its adoption or abstaining from voting thereon, setting forth each such Director's reasoning for opposing or abstaining.

XI. DEFINITIONS

- A. All technical words or terms used in this Agreement for which meanings are not specified or otherwise provided by the provisions of this Agreement shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, Federal Deposit Insurance Act (FDIA), or OTS Memoranda. Any such technical words or terms used in this Directive and undefined in the Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

XII. SUCCESSOR STATUTES, REGULATIONS, GUIDANCE, AMENDMENTS

- A. Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date and references to successor provisions as they become applicable.

**XIII. SUBMISSION OF DOCUMENTS TO OTS/COMPLIANCE WITH PLANS,
POLICIES AND PROCEDURES**

- A. When required by this Agreement to submit documents to OTS, the Institution shall submit them as follows:

The original to:

Michael E. Finn
Regional Director, West Region
Office of Thrift Supervision
2001 Junipero Serra Blvd
Daly City, CA 94014-1976

With a copy to:

Timothy J. Lane
Assistant Director, West Region
Office of Thrift Supervision
1551 N. Tustin Ave., Suite 1050
Santa Ana, CA 92705

- B. During the term of this Agreement, any plans, policies, and procedures that have been submitted to OTS for its approval or non-objection, and have been approved or deemed to be not objectionable by OTS, shall not be amended or rescinded without the prior written approval of the Regional Director.

XIV. DURATION, TERMINATION OR SUSPENSION OF AGREEMENT

- A. This Agreement shall:
1. become effective upon its execution by the OTS, through its authorized representative whose signature appears below; and
 2. remain in effect until terminated, modified or suspended in writing by the OTS, acting through its Director or the Regional Director (including any authorized designee thereof).
- B. The Regional Director in his sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

XV. TIME LIMITS

- A. Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted.

XVI. EFFECT OF HEADINGS

- A. The Section headings herein are for convenience only and shall not affect the construction hereof.

XVII. SEPARABILITY CLAUSE

- A. In case any provision in this Agreement is ruled to be invalid, illegal or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his sole discretion determines otherwise.

XVIII. NO VIOLATIONS OF LAW, RULE, REGULATION OR POLICY STATEMENT AUTHORIZED; OTS NOT RESTRICTED

- A. Nothing in this Agreement shall be construed as:
1. allowing the Institution to violate any law, rule, regulation, or policy statement to which it is subject; or
 2. restricting the OTS from taking such action(s) as are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, any type of supervisory, enforcement or resolution action affecting the Institution or any of its current or former institution-affiliated parties that the OTS determines to be appropriate.

XIX. SUCCESSORS IN INTEREST/BENEFIT

- A. The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the parties hereto and the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim under this Agreement.

XX. SIGNATURE OF DIRECTORS

- A. Each Director signing the Agreement attests, by such act, that he or she voted in favor of a Board resolution authorizing the execution of this Agreement by the Institution.

XXI. INTEGRATION CLAUSE

- A. This Agreement represents the final written agreement of the parties with respect to its subject matter and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such subject matter. However, as noted herein, all Plans and Policies required by this Agreement shall, upon modification consistent with the direction of the Regional Director, become part of this Agreement and any deviation from them shall be deemed a violation of this Agreement.

XXII. ENFORCEABILITY OF AGREEMENT

- A. The Institution represents and warrants that this Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. The Institution acknowledges that this Agreement, is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. §1818.

XXIII. COUNTERPARTS

- A. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and each of which shall be deemed an original.

IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director and the Institution, in accordance with a duly adopted resolution of its Board, hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION SAN LUIS TRUST BANK, FSB

By: /S/
Michael E. Finn
Regional Director
Date: The Effective Date shown on page 1

By: /S/
Name:
Title: Chairman of the Board
Date: The Effective Date shown on page 1

 /S/
Director

 /S/
Director

 /S/
Director

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Director

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Director

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Director

(SLTB SUPERVISORY AGREEMENT 4-28-06)